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**Orange County Transportation Authority:** Lou  
Correa, County of Orange

**Riverside County Transportation Commission:**  
Robin Lowe, Hemet

**Ventura County Transportation Commission:**  
Keith Millhouse, Moorpark

559-5/24/05

## MEETING OF THE

# TRANSPORTATION FINANCE TASK FORCE

**Thursday, March 30, 2006**

**10:00 a.m. – 12:00 p.m.**

## SCAG Offices

**818 W. 7<sup>th</sup> Street, 12<sup>th</sup> Floor**

**San Bernardino Conference Room**

**Los Angeles, CA 90017**

**(213) 236-1800**

## Video Conference Location

SCAG Inland Empire Office

3600 Lime Street, Suite 216

Riverside, CA 92501

(951) 784-1513

Agendas and handouts are provided at

<http://www.scag.ca.gov/transportation-finance/tfff.htm>

If members of the public wish to review the attachments

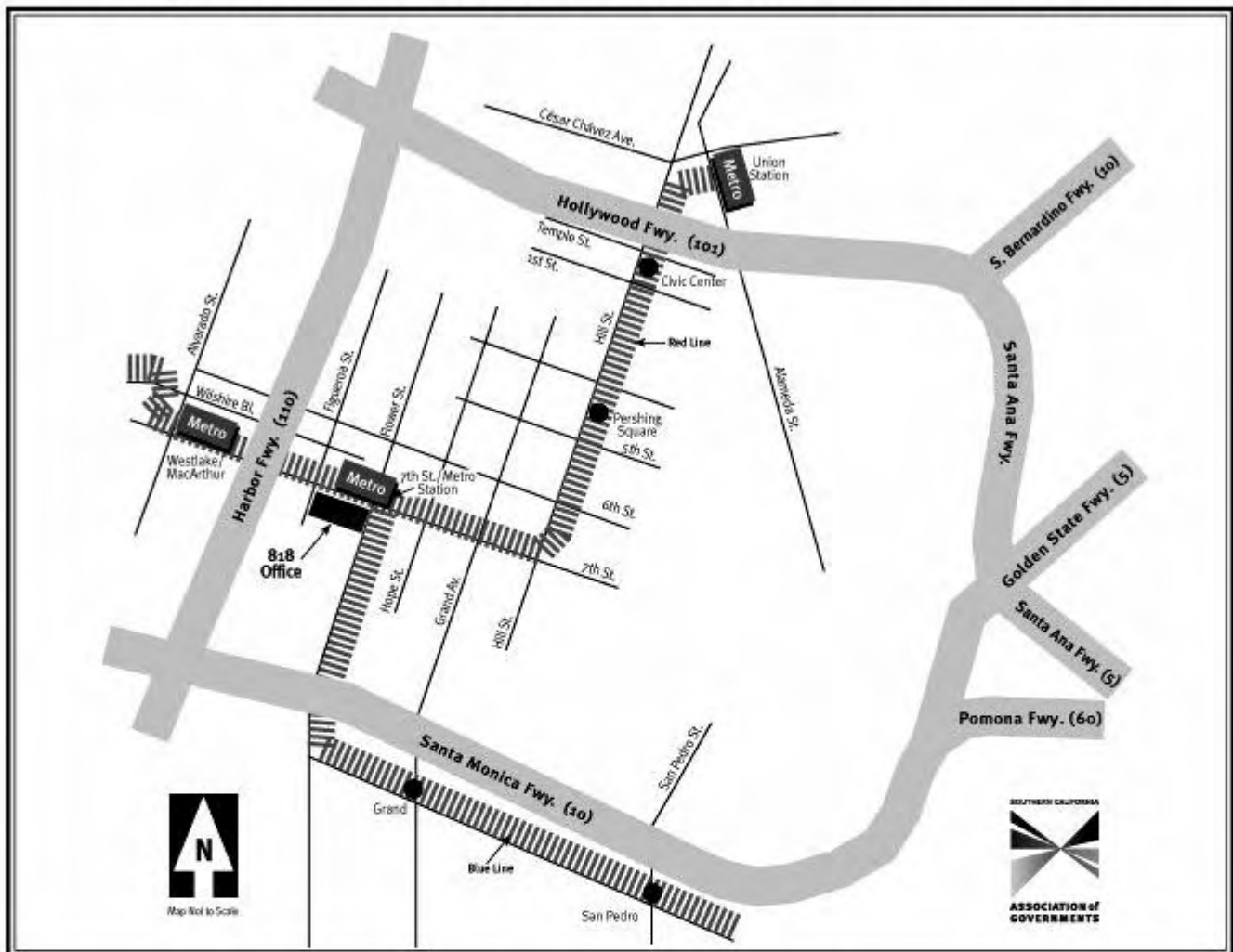
or have any questions on any of the agenda items, please

contact Joseph Alcock at (213) 236-1848 or

[alcock@scag.ca.gov](mailto:alcock@scag.ca.gov).

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- Harbor Freeway (110) Exit on 6th Street, turn right on Flower.

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- SCAG is accessible by all Metrolink Service to Union Station. Transfer to the Metro Red Line (free transfer with Metrolink ticket) and get off at 7th and Metro Station. Metro Red Line Service from Hollywood to SCAG is also available.
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# TRANSPORTATION FINANCE TASK FORCE

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## AGENDA

### ITEM

- 1.0 **Call to Order and Introductions** Hon. Richard Dixon,  
Chair
- 2.0 **Public Comment Period**  
Members of the public desiring to speak on an agenda item or items not on the agenda, but within the purview of this committee, must fill out a speaker's card prior to speaking and submit it to staff before the meeting is called to order. Comments will be limited to three minutes. The Chair may limit the total time for comments to twenty (20) minutes.
- 3.0 **Staff Report**
- 3.1 **Overview of Task Force Objective;  
Staff/Consultant Team Introductions** Rich Macias, SCAG
- 3.2 **Review of the 2004 RTP Financial Plan  
Attachment** Annie Nam, SCAG
- 4.0 **Action Items**
- 4.1 **Proposed Workplan and Schedule for the  
(2007/2008) RTP Financial Plan Update  
Attachment** Chris Williges,  
System Metrics  
Group
- Recommended Action: Approve the  
Workplan and Schedule***
- 5.0 **Discussion Items**
- 5.1 **Public Private Partnerships: Overview  
Attachment** Craig Hoshijima,  
Public Financial  
Management
- 6.0 **Standing Items**
- 6.1 **Legislative Update** Jeff Dunn,  
Sarah Adams,  
SCAG



# TRANSPORTATION FINANCE TASK FORCE

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## AGENDA

### ITEM

- 7.0 Next Meeting Date & Adjournment  
TBD



# MEMO

**DATE:** March 30, 2006

**TO:** Transportation Finance Task Force

**FROM:** Annie Nam, Acting Lead Regional Planner,  
(213) 236-1827, [nam@scag.ca.gov](mailto:nam@scag.ca.gov)

**SUBJECT:** Review of 2004 RTP Financial Plan

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## SUMMARY:

The following provides a brief overview of the financial planning component of the 2004 Regional Transportation Plan (RTP)—providing the overall context and rationale for revising the financial plan in preparation for the 2007/2008 RTP. Additionally, a slide presentation summarizing the financial plan is attached.

## BACKGROUND:

SCAG's 2004 Regional Transportation Plan identified how much money is likely to be available through the year 2030 to support long-term investment needs of the region. SCAG's forecast of existing local, state, and federal transportation revenue sources (or baseline revenues) for the region through the year 2030 totals \$120 billion.

Nearly 96 percent of these funds, however, have been committed to capital projects currently included in the Region's Transportation Improvement Program (RTIP), debt service obligations, as well as ongoing operations and maintenance of the existing system. The resulting balance is inadequate to pursue transportation improvements critical to accommodating future growth. In the 2004 RTP, SCAG identified a funding gap of \$93 billion after reviewing key economic and growth assumptions governing existing transportation revenue sources and evaluating investment needs through the year 2030.

Recognizing the limitations of existing transportation revenue sources, SCAG's 2004 RTP recommended the following funding strategies to meet the region's investment needs:

- Protect and strengthen existing transportation revenues, specifically Proposition 42;
- Continue or impose local transportation sales taxes where necessary and support the amendment of the State Constitution to allow 55 percent voter approval for local transportation sales taxes;
- Adjust the state gasoline excise tax rate to maintain historical purchasing power and maximize revenues through pay-as-you-go and debt financing;
- Review methods for collecting revenues from alternative fuel vehicles as may be necessary;
- Initiate Development Mitigation Fee programs as necessary;
- Consider the feasibility of High Occupancy Toll (HOT) lanes for new facilities; and
- Pursue user-fee supported project financing for major regional investments where applicable—incorporating a public-private-partnership approach for selected projects as may be feasible.

In total, baseline revenues along with the new funding strategies generate \$213 billion through the year 2030. In light of the current crisis in transportation funding, however, the region's financial model requires

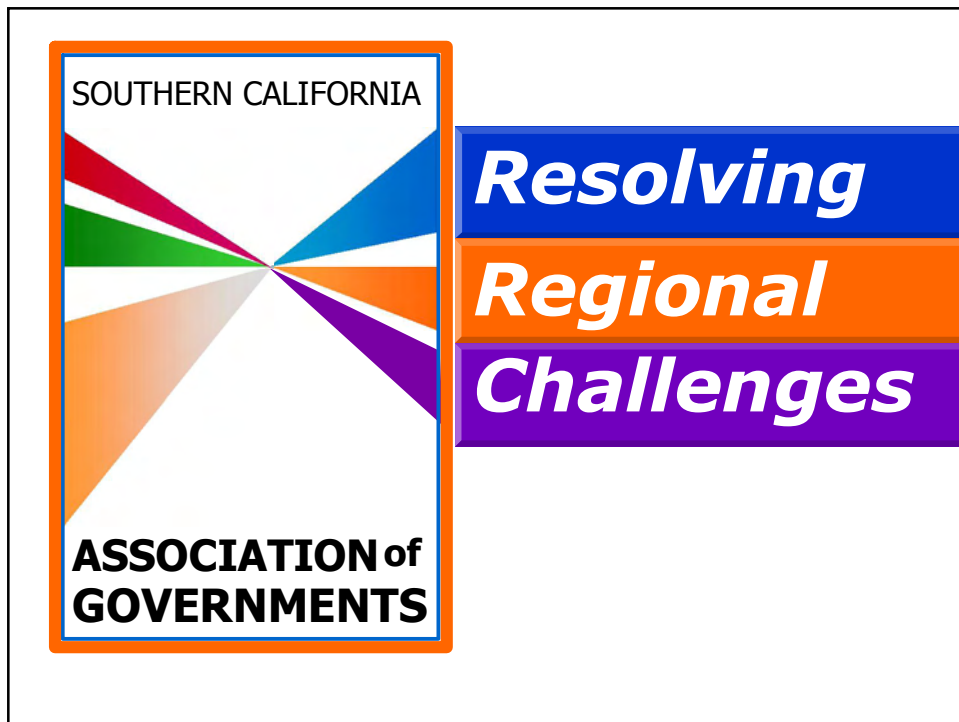
# MEMO

substantial revisions/adjustments. Although SCAG's 2004 RTP financial plan reflects relatively conservative revenue scenarios over the long term, a number of recent concerns about the stability of transportation funding in this region, throughout the state, and the nation raises some considerable policy and technical considerations that need to be reevaluated in detail for the development of the 2007/2008 RTP.

A number of factors (both in the short and long term) contribute to this need for revisions/adjustments to the financial model including:

- Uncertainties resulting from the State's ongoing budget deficits;
- Concerns about the reliability of Proposition 42 revenues and Tribal Gaming Bond proceeds;
- Dwindling state and federal gas tax receipts for the State Transportation Improvement Program (STIP);
- SAFETEA-LU funding was not reflected in the 2004 model—early years of the model need to reflect more recent actions and conditions;
- Also, the long term viability of the Federal Highway Trust Fund is questionable—(Congressional Budget Office concerns about depleting resources as early as 2008);
- Volatility of project costs—substantial increases in project costs require revisions to the financial model;
- Local ballot initiatives—Orange County's Measure M extension initiative could require adjustments to the revenue forecast (the 2004 model did not assume an extension of Measure M); and
- The horizon year for the 2007/2008 RTP has been extended from 2030 to 2035.

Further, both near and long term gap funding strategies, previously identified in the 2004 RTP, must be reevaluated and quantified in greater detail in order to take steps toward implementation.



***2004 RTP  
Financial Plan  
Overview***

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***Challenges  
& Issues***

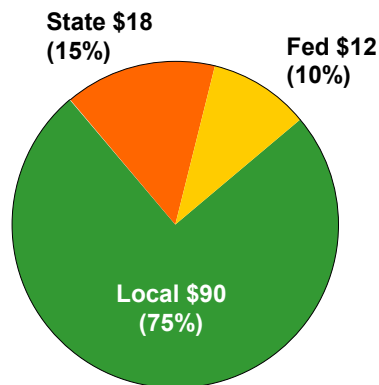


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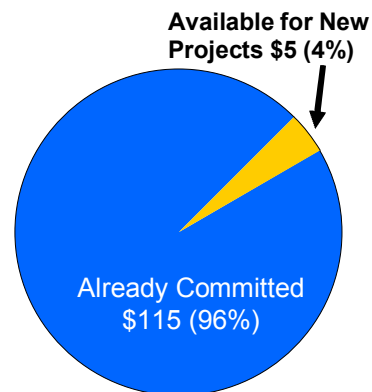
## How Much Money is Available?

SCAG Region Baseline Revenue Forecast (2002-2030), 2002\$ Billions

Baseline Revenues, \$120B



Committed Funding & Net Balance

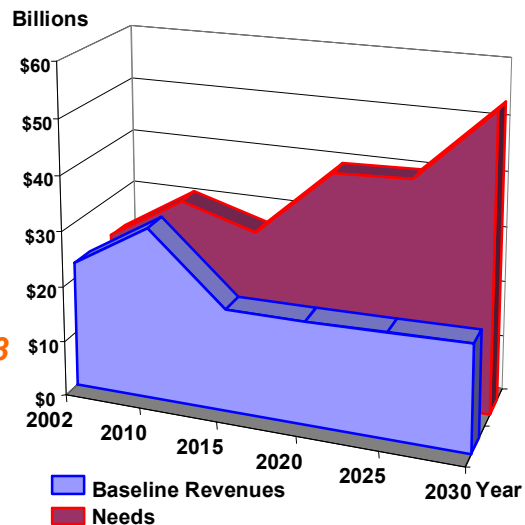


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## The Funding Shortfall

- Local, state, and federal transportation revenues (baseline revenues) are inadequate
- Projected funding gap of **\$93 billion** after reviewing key economic and growth assumptions through the year 2030

Forecast of Baseline Revenues Versus Needs



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## 2004 RTP Funding Strategies

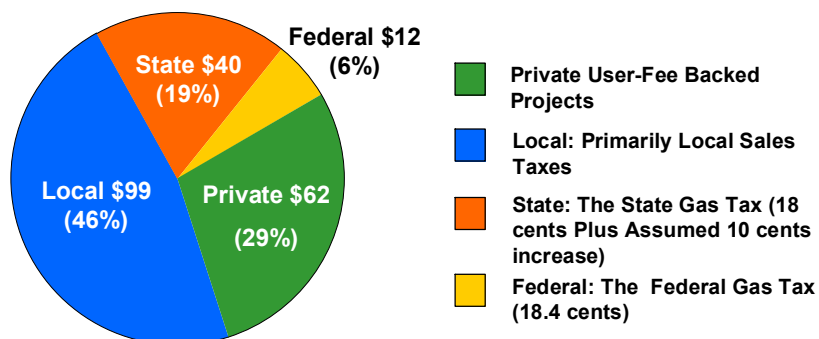
- **Protect Prop. 42**
- **Support local sales taxes for transportation**
- **Adjust state gasoline tax or impose regional fee**
- **Review alternative fuel vehicle revenue collection methods**
- **Initiate Development Mitigation Fee programs**
- **Pursue PPP initiatives for selected revenue generating projects (where feasible)**

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## Balancing the Region's Checkbook

SCAG 2004 RTP Financial Plan (2002-2030), 2002\$ Billions

### Where the Money Comes From (\$213B)

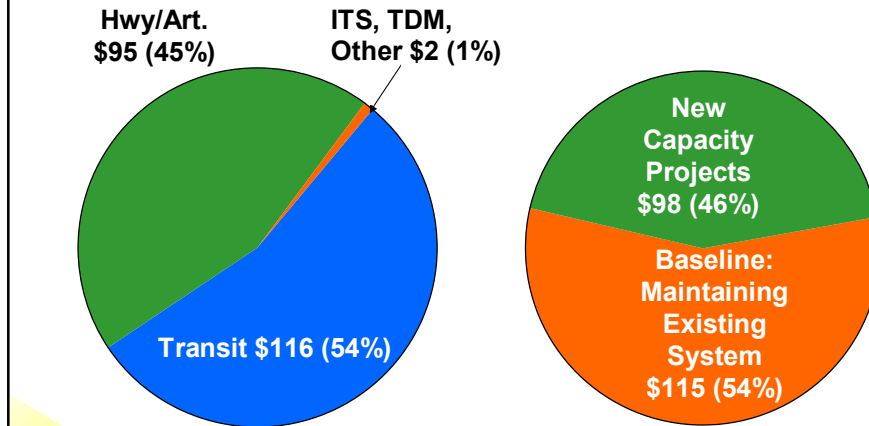


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## Balancing the Region's Checkbook

SCAG 2004 RTP Financial Plan (2002-2030), 2002\$ Billions

### Where the Money Goes (\$213B)



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### Need to Revise the 2004 RTP Financial Plan

- Continuing State budget deficits
- Instability of Prop. 42
- Tribal Gaming legal challenges
- SAFETEA-LU funding estimates need to be reflected
- Dwindling resources for the STIP—funding reliability concerns

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**Need to Revise the  
2004 RTP Financial  
Plan (cont'd)**

- **Long-term viability of the Federal Highway Trust Fund**
- **Volatility of project costs**
- **Local ballot initiatives (i.e. Measure M extension)**
- **Extension of RTP horizon year to 2035**
- **Previous RTP Gap Funding Strategies need refining.**



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**Thank  
You**

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# MEMO

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**DATE:** March 30, 2006

**TO:** Transportation Finance Task Force

**FROM:** Chris Williges, System Metrics Group

**SUBJECT:** Proposed Work Plan and Schedule for the (2007/2008) RTP Financial Plan Update

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**SUMMARY:**

This action item presents our proposed work plan and schedule for developing the 2007/2008 RTP Financial Plan Update. We identify the primary tasks involved and explain how they result in a completed plan. We list key activities and milestones for the project and the current fiscal year. We also provide a general overview of the approach proposed for the baseline financial modeling.

**BACKGROUND:**

This is the first meeting of the Transportation Finance Task Force for the 2007/2008 RTP Update. We need Task Force approval of the proposed work plan and schedule.



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## **Transportation Finance Task Force**

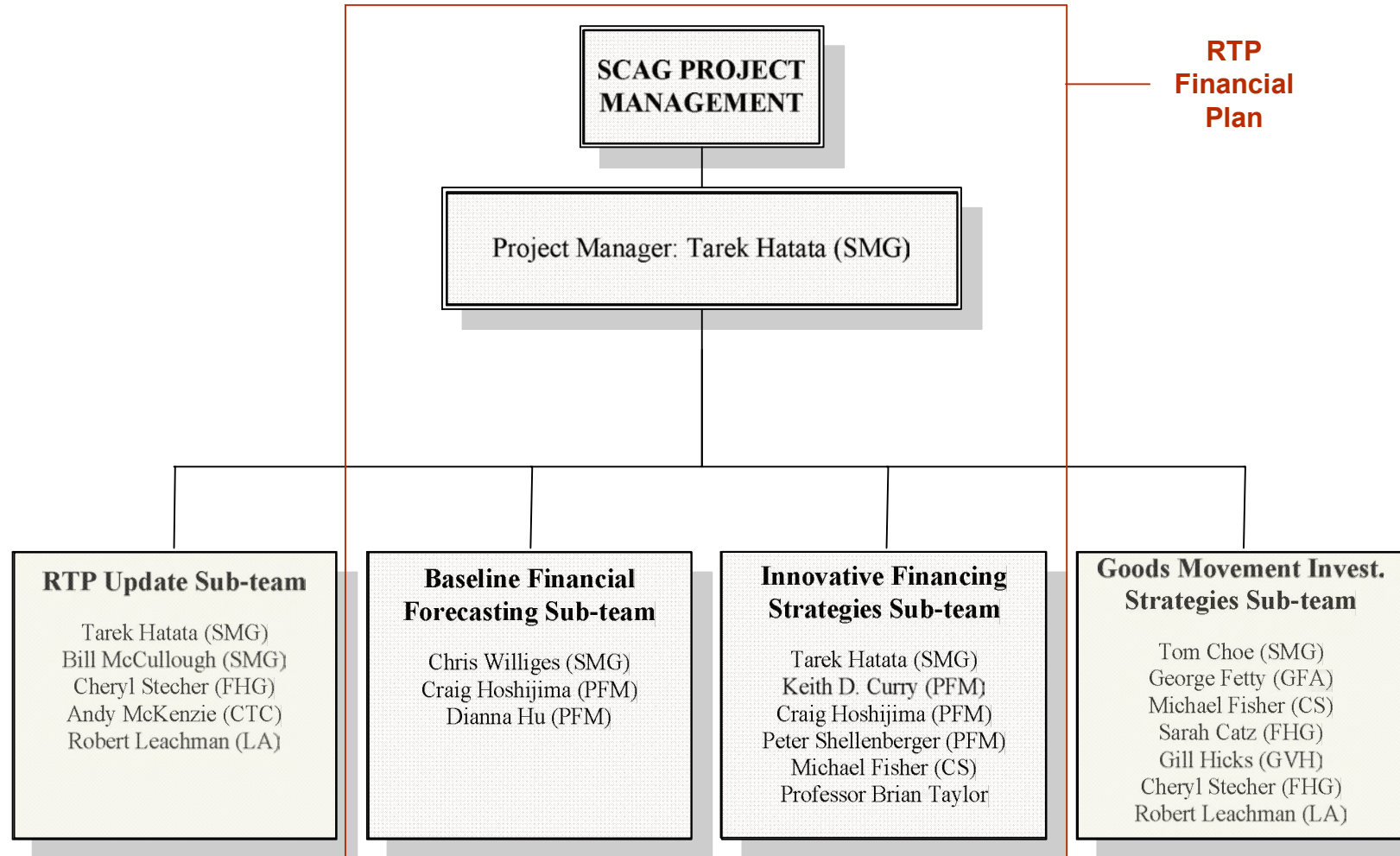
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**Proposed Work Plan  
and Schedule for the  
2007/2008 RTP  
Financial Plan Update**

**Los Angeles, CA  
March 30, 2006**

System Metrics Group, Inc.

## Regional Transportation Plan (RTP) Consulting Team



## **Roles for the RTP Financial Plan**

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➤ **System Metrics Group (SMG)**

- Chris Williges
- Oversee project, lead baseline financial model

➤ **Public Financial Management (PFM)**

- Craig Hoshijima
- Lead innovative financing strategies, help develop funding scenarios for baseline

➤ **Cambridge Systematics (CS)**

- Mike Fischer
- Provide input on innovative financing

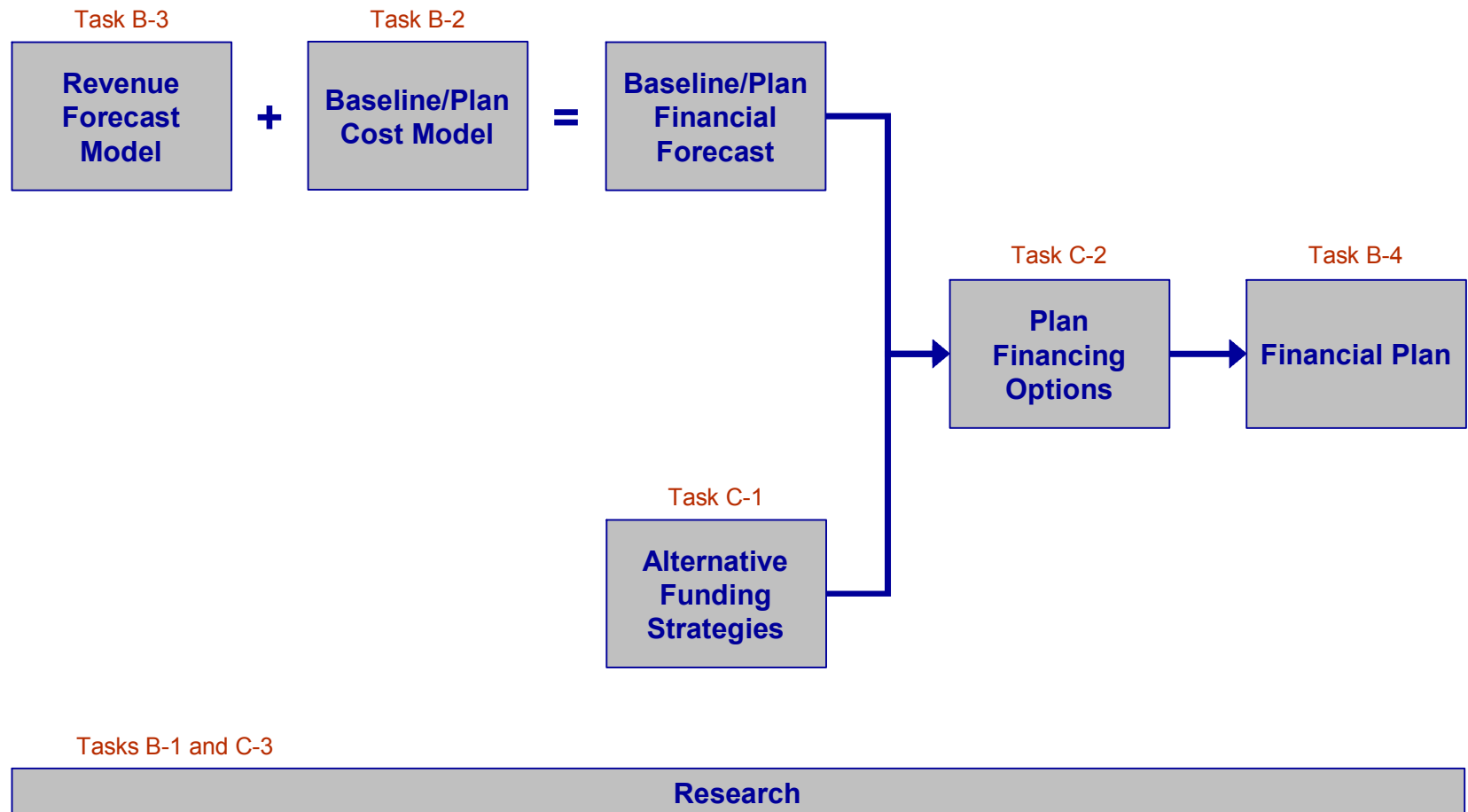
➤ **Dr. Brian Taylor (UCLA)** – research policy issues, especially transportation pricing

## The consulting team is working on two components...

COMPONENT	COMPONENT TASK DESCRIPTION	TASK DELIVERABLES
<b>B: Baseline Financial Forecasting</b>	B-1 Support SCAG staff in guiding Transportation Finance Task Force	Written reports/presentations as directed by staff <b>Research</b>
	B-2 Develop regional cost model for RTP update	Update Memoranda on cost model development Preliminary & final cost models <b>Cost Model</b>
	B-3 Develop Baseline Financial Model for 2007 RTP	Periodic update reports/memoranda on status of financial plan as directed by staff <b>Rev. Model</b>
	B-4 Prepare & submit final financial plan report	Draft & Final RTP Financial Plan <b>Financial Plan</b>
<b>C: Innovative Financing Strategies</b>	C-1 Review alternative funding strategies/revenue streams	Alternative Financing Options Report <b>Alt. Strategies</b>
	C-2 Recommend specific plan/optimal financing method & implementation framework	Draft & Final financing options/recommendations (separate goods movement reports) Periodic update status memoranda Presentations to task forces, committees & roundtables <b>Financing</b>
	C-3 Serve as technical resource to staff on innovative financing related issues	Written reports/presentations as directed by staff <b>Research</b>



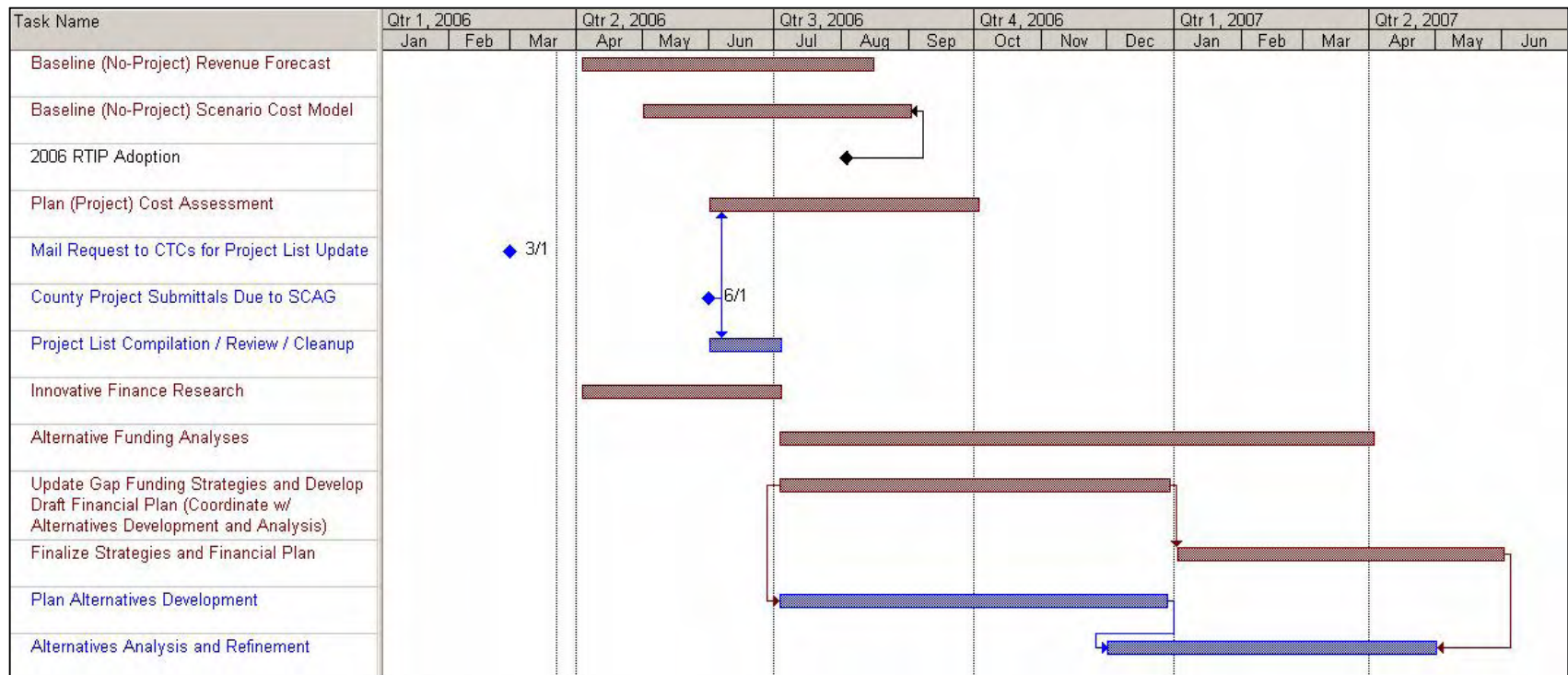
## ... Which will lead to the RTP Financial Plan



## Work Plan



# We intend to finalize the Financial Plan by Summer 2007



## Our work will be coordinated with alternatives development and analysis for the RTP

## Critical Activities and Milestones for Financial Plan

### Baseline Revenue Forecast

- Review of 2004 RTP Revenue Estimates
- Developments Since 2004 RTP Adoption
- Identification of Key Drivers by Revenue Source
- Evaluation of Economic Projection Sources
- Proposed Revenue Model Structure
- Proposed Scenarios for Federal and State Sources

### Baseline Cost Model and Plan Cost Assessment

- Review of Sources for Cost Estimates
- Discount Rate and Cost Escalation
- Discussions with County Commissions
- Identification of Baseline Versus Plan
- Preliminary Cost Model

### Alternative Funding/Innovative Finance

- Potential Innovating Financing Developments
- Alternative Financing Options

### Draft Financial Plan and Gap Funding Strategies

- Draft Financial Model with Preliminary Results
- Draft Innovative Financing Revenue Scenarios
- Draft RTP Financial Plan

### Finalize Strategies and Financial Plan

- Final Financial Model and Documentation
- Recommended Innovative Financing Scenario
- Final Financing Recommendations
- Final RTP Financial Plan

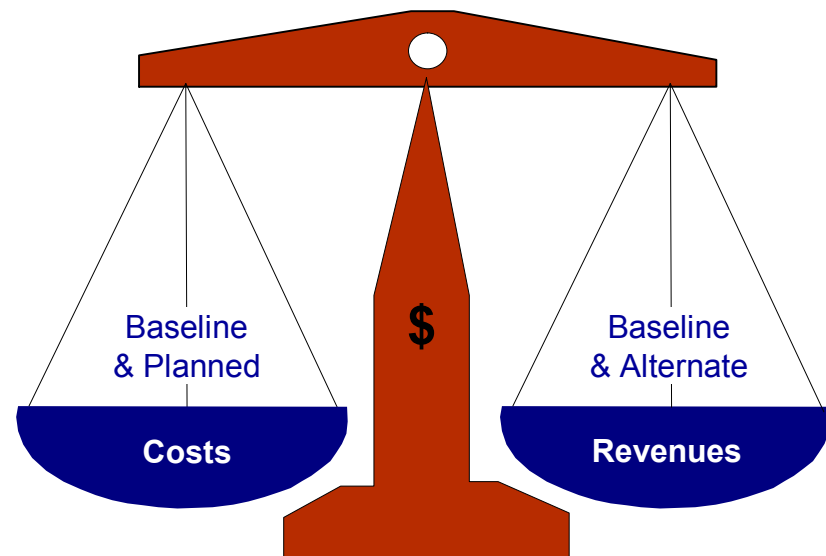
## Primary Efforts for This Fiscal Year

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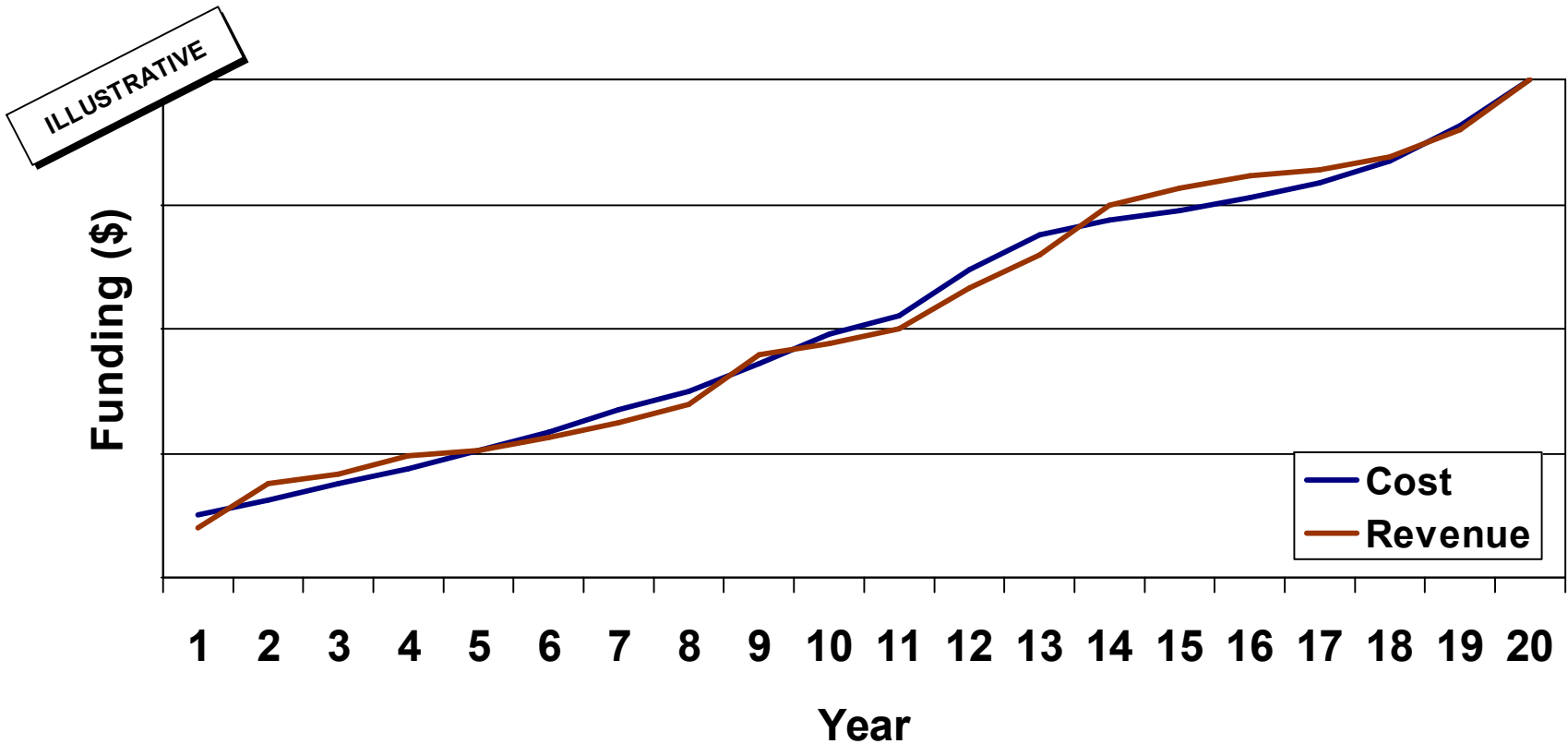
- Review revenue sources (SMG)
- Propose revenue and cost model structure (SMG)
- Research policy issues (Dr. Taylor)
- Identify innovative financing developments and alternative options (PFM)
- Prepare goods movement financing strategies (PFM)

## Baseline Financial Forecast

- Provide a regional view of baseline transportation finances
- Support county and local estimates
- Work with county commission staff on assumptions
- Include two components:
  - Costs (project-based)
  - Revenues (source-based)



## Separate Forecasting of Costs and Revenues



- May result in slightly different annual estimates
- Need to be in “same dollars” (adjusted for inflation or not)

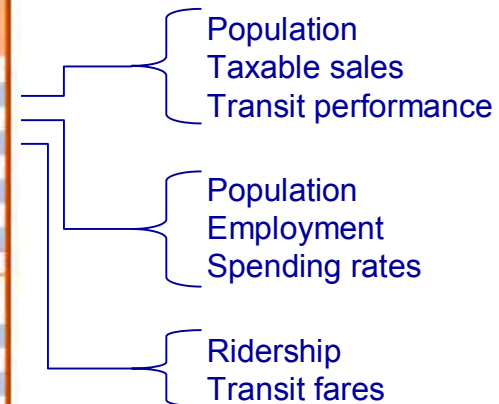
## Modeling

# We will start by identifying factors that influencing the revenue forecast

Revenue Sources	Revenue Forecast FY2002–FY2030 (in Billions)
<b>Local Sources</b>	
Transportation Development Act (TDA)	\$17.38
Local Sales Tax	42.31
Farebox	14.16
Gas Tax Subventions	3.07
Local Agency Funds	8.74
Miscellaneous Funds	3.00
Miscellaneous Carryover	1.97
<b>Subtotal</b>	<b>\$90.63</b>
<b>State Sources</b>	
STIP, Regional	\$5.04
STIP, Interregional	1.49
(TCRP)/Proposition 42	5.86
State Transit Assistance (STA)	0.76
TP&D (TCI)/Prop 116	0.11
SHOPP/O&M	4.21
Miscellaneous Carryover	0.09
<b>Subtotal</b>	<b>\$17.56</b>
<b>Federal Sources</b>	
RSTP	\$2.15
CMAQ	2.11
Other/Demonstration	2.16
Sec. 5309	1.47
Sec. 5307	3.86
Miscellaneous Carryover	0.42
<b>Subtotal</b>	<b>\$12.16</b>
<b>Total</b>	<b>\$120.35</b>

Note: For explanations of terms, please see Glossary  
Numbers may not add up due to rounding

Source: 2004 SCAG Regional Transportation Plan (Table 2.6)



## **We also need to identify appropriate demographic and growth projections**

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- UCLA Anderson Forecast for California
- Regional forecasts produced by CSU Fullerton and CSU Long Beach
- County Transportation Commissions' sales tax forecasts
- California Department of Finance population forecasts
- The California Transportation Commission's fund estimate for the State Transportation Improvement Program (STIP)
- California Motor Vehicle Stock, Travel and Fuel Forecast (MVSTAFF)
- Caltrans county-level socio-economic impacts

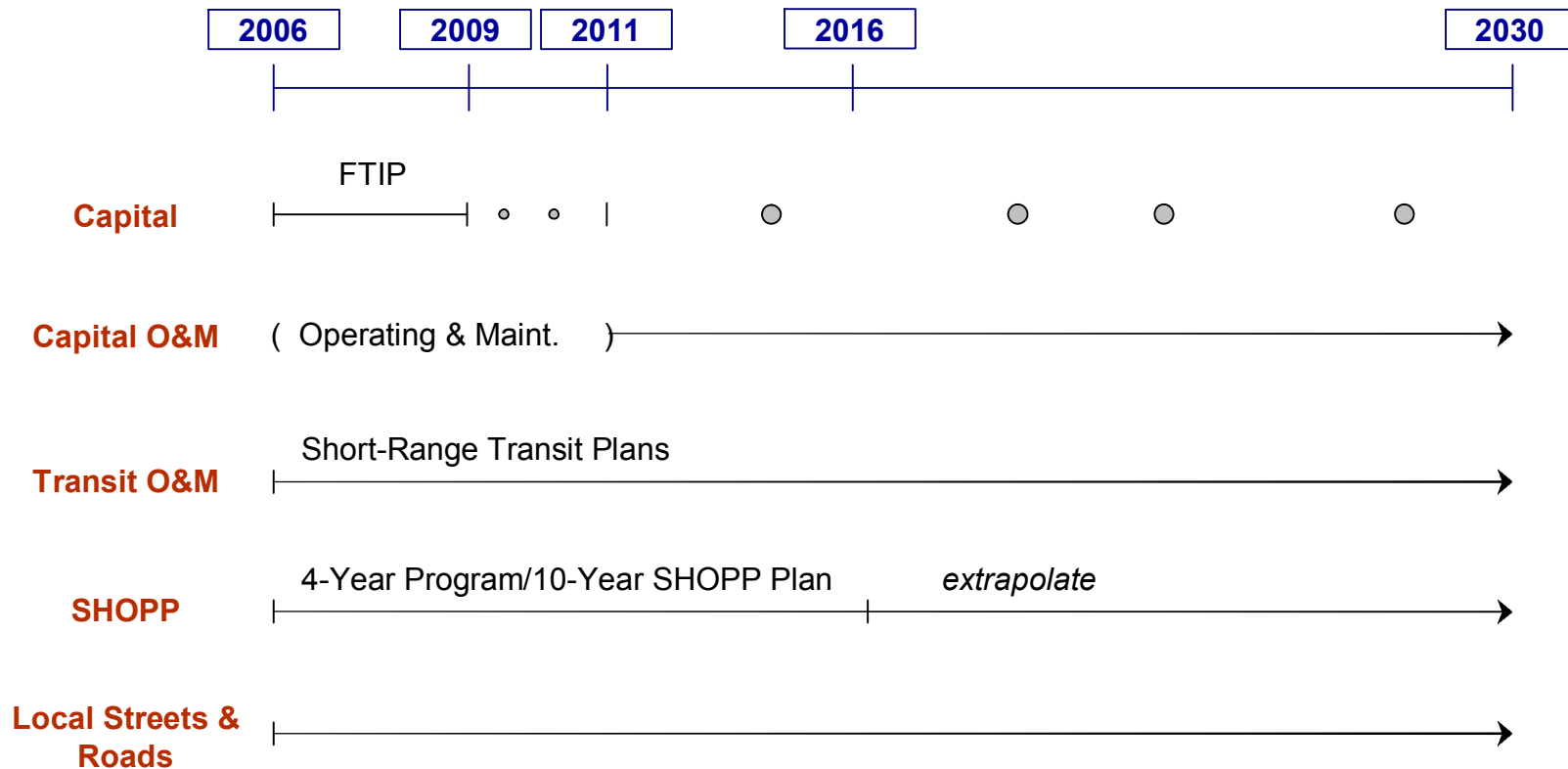
**Our projections should be consistent with the SCAG regional planning model and county projections**



## Modeling



**For the cost model and assessment, we need to identify baseline and planned projects**



**We may need to designate some projects (must-haves and future phases of existing projects) as “baseline +” or “Tier 2”**

## We anticipate several challenges in developing the cost model

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- Unable to identify full costs
- Difficult to estimate costs for future year phases
- Cost escalations
- Some categories are lump sums
- Fiscally constrained costs versus full needs
- A greater than 10 to 15 percent cost change means RTP and RTIP amendments

## Wrap-Up

# We need your input on potential policy issues to research (examples below)

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- Recent rise in steel and concrete costs – Is this a short-term blip?
- Alternative fuel penetration / fuel efficiency / ethanol
- Oil shortage
- Aging population (driving patterns, sales tax forecast)

## Contacts

<b>System Metrics Group (SMG)</b>	Chris Williges <i>chris_williges@sysmetgroup.com</i>  Tarek Hatata <i>tarek_hatata@sysmetgroup.com</i>	<u>San Francisco Office</u> 244 California Street Suite 607 San Francisco, CA 94111 Tel: (415) 395-7000 Fax: (415) 397-1000	<u>Los Angeles Office</u> 3470 Wilshire Blvd. Suite 840 Los Angeles, CA 90010 Tel: (213) 382-6875 Fax: (213) 382-6894
<b>Public Financial Management (PFM)</b>	Craig Hoshijima <i>hoshijimac@pfm.com</i>	660 Newport Center Drive Suite 750 Newport Beach, CA 92660 Tel: (949) 721-9422 Fax: (949) 721-9437	
<b>Cambridge Systematics (CS)</b>	Mike Fischer <i>mfischer@camsys.com</i>	555 12th Street Suite 1600 Oakland, CA 94607 Tel: (510) 873-8700 Fax: (510) 873-8701	
<b>Dr. Brian Taylor (UCLA)</b>	Dr. Brian Taylor <i>btaylor@ucla.edu</i>	2349 Prosser Avenue Los Angeles, CA 90064 Tel: (310) 903-2403	

# MEMO

**DATE:** March 21, 2006

**TO:** Transportation Finance Task Force

**FROM:** Craig Hoshijima, Public Financial Management

**SUBJECT:** Public Private Partnerships: Overview

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**SUMMARY:**

This presentation defines “public private partnerships” as the term is generally used in transportation and provides various examples and case studies of its application. Particular focus is made on the private financing of toll projects and the recent activity in toll road concessions.

**BACKGROUND:**

Public private partnerships have been used in California to increase the efficiency of project delivery – through design build contracts – and increase transportation investment through privately financed toll roads. The use of public private partnerships continues to have a potential to reduce costs and expedite project delivery and should be evaluated for certain revenue generating projects. Private investment in toll projects has increased greatly in recent years, as many local agencies throughout the nation have or are in the process of selling large toll road concessions or are partnering with private sector toll road developers.

# **Public Private Partnerships In Transportation**

**Presentation to the  
Transportation  
Finance Task Force**

March 30, 2006

## **Presentation Outline**

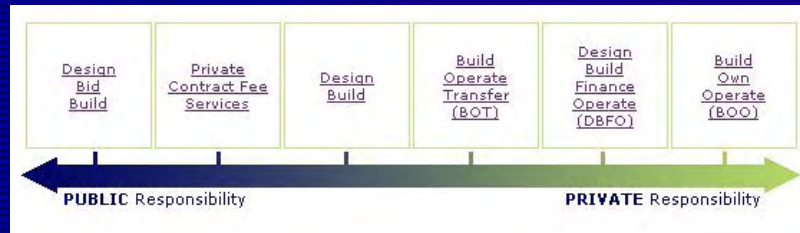
- I. Definition of Public Private Partnerships**
- II. Potential For Private Toll Roads in Southern California**

## **I. Definition of Public Private Partnerships**

### **What Are Public Private Partnerships (PPPs) In Transportation?**

- The FHWA defines PPPs as “contractual agreements, formed between a public agency and private sector entity, which expand on the traditional, private sector role in the delivery of transportation projects.”
- PPPs occur in a range of structures, with varying levels of private responsibility.

## Private Involvement in Transportation Projects Can Vary Significantly



Source: Federal Highway Administration

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## Design Build: Increasing Private Responsibility in Design and Construction

- “Design Build” is much like the traditional design bid build model, but the design and construction components are combined.
- The combination of design and construction work can:
  - avoid conflicts between the designer and builder
  - increase design efficiencies
  - reduce the project delivery time
- Examples:
  - Gold Line Eastside Extension
  - Interstate 405 HOV Lane

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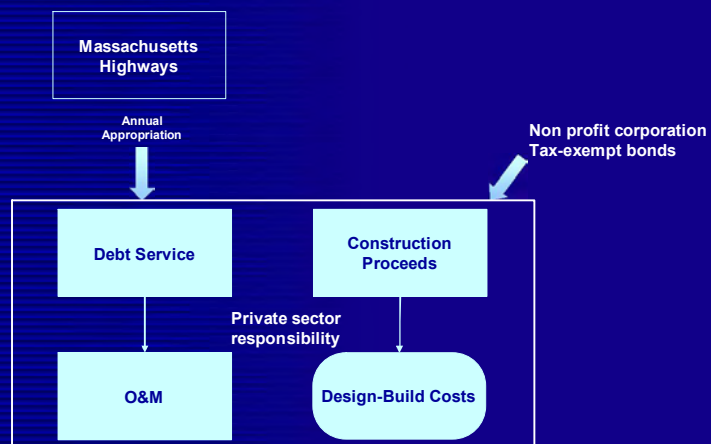


## Design Build Finance Operate: Minimizes Public Involvement and Initial Investment

- The public chooses a private sector partner to design, construct, finance, and operate the facility.
- The public sector makes annual payments for the project and/or relinquishes tolls to the private sector partner.
- Examples:
  - Massachusetts Highways Route 3
  - SR 91 Express Lanes
  - SR 125 Toll Road

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## Route 3: Mass Highways Makes Annual Appropriation for All Capital and O&M Costs



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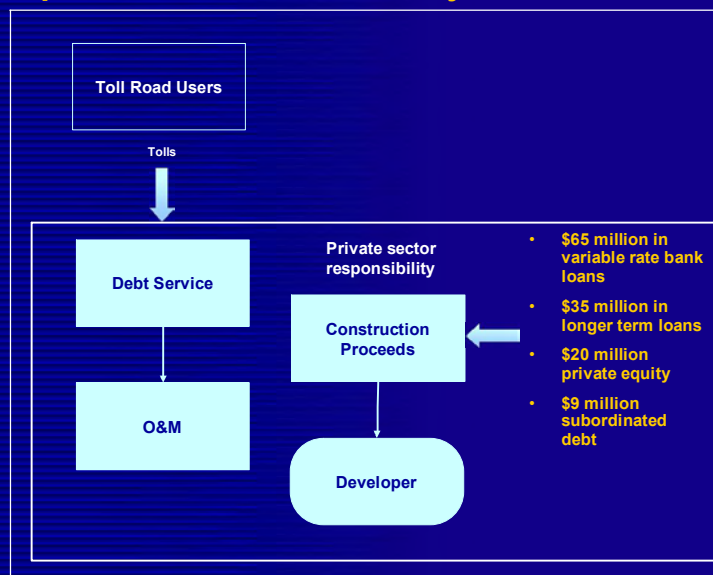
## SR 91 Express Lanes: The First Privately Financed Toll Road in Fifty Years

- A four-lane, 10-mile toll facility in the median of SR 91 (Riverside Freeway).
- The first fully automated toll road in the world and first variably-priced toll road in the United States.
- Opened in December 1998 at an estimated cost of \$134 million
- Initially privately financed and operated.
- Purchase by the OCTA in 2002 for \$187 million.



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## SR 91 Express Lanes: Developer Constructs, Operates and Finances Project



10

## **SR 125: A Second Privately Financed Toll Road Resulting From AB 680**

- A 4-lane, 9.5 million toll road from Otay Mesa towards SR 54.
- Expected to be privately financed, constructed and operated; opening in early 2007.
- Private owner has franchise with the State to collect “market rate” tolls for 35 years.
- Total project cost is \$640 million, funded from:
  - \$140 million TIFIA loan
  - \$160 equity from Macquarie Infrastructure Group
  - \$48 million in dedicated right-of-way from local developers
  - Bank loans

| 11

## **What Are The Benefits of PPPs?**

- PPPs have the potential to:
  - Expedite completion of projects;
  - Result in cost savings;
  - Improve quality and system performance from the use of innovative materials and management techniques;
  - Substitution of private resources and personnel for constrained public resources; and,
  - Access to new sources of private capital.

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## Are PPPs An Emerging Trend?

- Design-build contracting has continued to expand for both highway and transit construction.
- Local governments are actively pursuing large-scale toll road concessions and DBOF proposals.
  - Chicago Skyway
  - Indiana Toll Road
  - New Jersey Transit
  - Harris County
  - Oregon DOT Innovative Partnership

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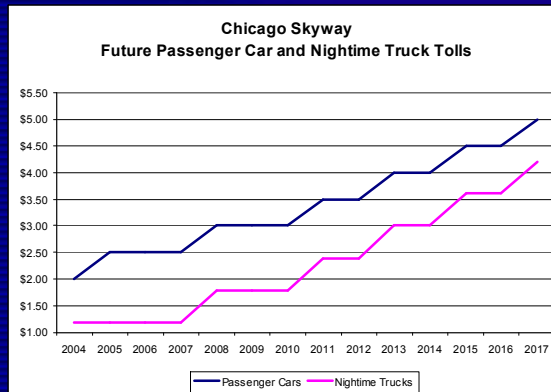
## Chicago Skyway: A \$1.83 Billion Benefit for the City

- In December 2004, the City of Chicago sold a 99-year concession on its Skyway toll bridge.
- The City received a \$1.83 billion payment for the concession.
- The City intends to use the payment for its operating budget, reserves, special programs, and Skyway and other debt reduction.
- The concession gives the purchasers, Cintra and Macquarie (CinMac), rights to the Skyway tolls for 99 years.

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## Chicago Skyway Concession Includes Pre-Determined Toll Increases

- Passenger car tolls will double by 2013.
- A 40% surcharge is assessed on daytime trucks.



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## Oregon DOT: Implementing Privately Financed Toll Roads in the State

- In April 2005, ODOT issued a RFP for a “long-term strategic development partner” to “analyze, identify, plan, develop, design, construct and finance and potentially operate and maintain” projects in the State.
- The RFP provided preliminary cost and traffic data on three targeted projects.
- ODOT compiled a team of engineering, traffic, legal, and financial consultants to evaluate the proposals.
- ODOT selected a development partner and is now in a “pre-development phase” for the projects.
- ODOT expects that the partnership will “accelerate cost-effective project delivery and maximize innovation in project financing and delivery.”

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## Private Investors are Interested in Public Infrastructure

- The Chicago Skyway concession demonstrates the magnitude of private resources available for public infrastructure.
- Private firms have created trusts specifically for public infrastructure that are funded from individual and institutional investor contributions.
- The private firms collect fees on the trust funds under management.
- In addition, new SAFETEA-LU private activity bond authorization can provide low cost funding for certain private investments.

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## MIG: A \$10.8 Billion Trust with a Diversified International Toll Road Portfolio

Major operating asset performance

Asset	Traffic Increase % <sup>1</sup>	Revenue Increase % <sup>1</sup>	EBITDA Increase % <sup>1</sup>
407 ETR	3.1% <sup>2</sup>	7.4%	11.8%
M6 Toll	(10.8%)	12.2%	16.2%
Eastern Distributor (M1)	5.5%	9.7%	12.0%
Dulles Greenway	1.7%	4.0%	1.0%
Skyway	4.8%	32.7%	40.7%
M5 Motorway	3.3%	4.1%	2.0%
Tagus River Crossings	(1.1%)	(0.7%)	0.4%
M4	2.9%	5.5%	3.3%
Warnow Tunnel	15.1%	21.9%	26.8%
<b>MIG proportionately consolidated<sup>3</sup></b>	<b>15.9%<sup>4</sup></b>	<b>23.4%</b>	<b>23.5%</b>

<sup>1</sup> For six-month period ended 31 December 2005 compared to previous corresponding period (pcp)

<sup>2</sup> Traffic calculated as total trips

<sup>3</sup> This proportionately consolidated information includes, for both periods, only those assets that MIG held an interest in at 31 December 2005. The contribution of individual assets reflects the proportion of MIG's equity ownership at 31 December 2005, for both current and prior years.

<sup>4</sup> Revenue weighted average

Source: Macquarie Infrastructure Group

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### **SAFETEA-LU Authorizes Tax-Exempt Private Activity Bonds for Highway Projects**

- Tax-exempt private activity bonds give the private sector the same low-cost funding available to local government.
- SAFETEA-LU limits the total amount of private activity bonds to \$15 billion.
- The bonds must be used for qualified highway and surface freight transfer facilities.

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## **II. Potential For Private Toll Roads in California**

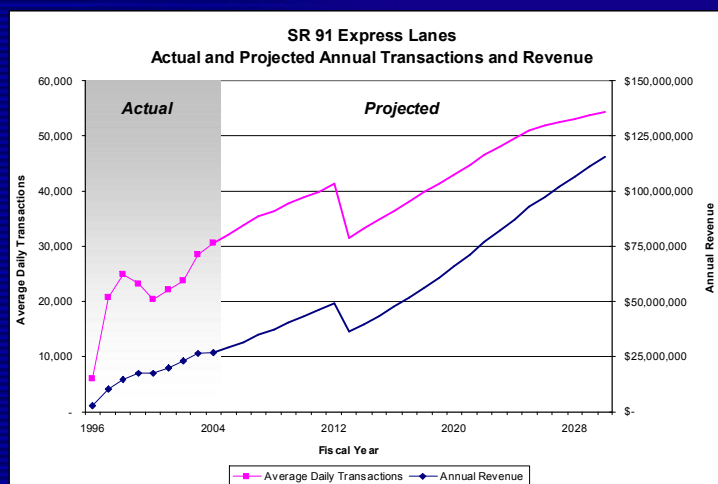


## Can PPPs Increase Transportation Investment In Southern California?

- The SR 91 and SR 125 are examples of the potential for private investment in State transportation infrastructure.
- Southern California has the traffic flows that can generate substantial toll revenue.
- Private toll road development is constrained by:
  - state and federal restrictions
  - public policy considerations

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## The SR 91 Express Lanes Show the Revenue Potential of California Toll Roads



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## **Legal and Institutional Impediments Restrict Private Investment in Toll Roads**

- The State must approve any new toll road, whether publicly or privately financed.
- The SR 91, SR 125 and TCA toll roads were approved as part of special legislation passed in 1989 and 1987.

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## **What are the Costs of PPPs to the Public Sector?**

- A private toll road or concession relinquishes public control over tolls.
- Private toll roads may require restrictions of future toll road construction
  - SR 91 “Noncompete Provision”
  - SR 125 6-Mile “Franchise Zone”

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## **The Public Sector Has the Ability to Finance Toll Projects without Public Subsidies**

- Local government has the ability to finance toll-supported projects using non-recourse debt.
  - SR 91: Purchased by the OCTA with bonds payable from tolls.
  - TCA: Orange county toll rolls financed without public funds
- Public agencies do not require a profit and may be more willing to limit future toll increases or allow future highway construction.

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## **Potential for PPPs in the Region**

- The private sector has the capacity to fund and develop transportation projects that generate tolls and/or other dedicated revenues.
- The private sector has access to large pools of investment capital for toll road projects.
- The private sector has the expertise to implement the design, construction, and operation of a toll project.
- SCAG and the region's transportation providers should continue to evaluate the potential for private sector participation in revenue generating projects.

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